STATEMENT OF BASIS (AI No. 115818)

for draft Louisiana Pollutant Discharge Elimination System permit No. LA0117871 to discharge to waters of the State of Louisiana.

THE APPLICANT IS: Louisiana Specialty Products, Inc.

4416 Industrial Drive New Iberia, LA 70560

ISSUING OFFICE: Louisiana Department of Environmental Quality (LDEQ)

Office of Environmental Services

Post Office Box 4313

Baton Rouge, Louisiana 70821-4313

PREPARED BY: Yvonne Baker

DATE PREPARED: December 3, 2008

1. PERMIT STATUS

A. Reason For Permit Action:

Permit reissuance of a Louisiana Pollutant Discharge Elimination System (LPDES) permit for a 5-year term.

B. NPDES permit - NPDES permit effective date: N/A

NPDES permit expiration date: N/A

EPA has not retained enforcement authority.

C. LPDES permits -

LPDES permit effective date: March 1, 2004 LPDES permit expiration date: February 28, 2009

D. Date Application Received: August 28, 2008

2. FACILITY INFORMATION

A. FACILITY TYPE/ACTIVITY - vinegar manufacturing and bottling facility

The facility's process consists of the conversion of diluted ethyl alcohol into vinegar by fermentation with the micro-organism acetobacter in an aerated vessel (bioreactor). The reaction is exothermic and the heat generated is controlled with a heat exchanger to maintain 85°F. Well water at 70°F is used and discharged without any product contact at 78°F. The facility sends the sanitary wastewater to the city and proposes to discharge once through non-contact cooling water.

B. FEE RATE

1. Fee Rating Facility Type: minor

Complexity Type: II
 Wastewater Type: III
 SIC code: 2099

C. LOCATION - 4416 Industrial Drive at the Acadiana Regional Airport, Lot No. 5 Block 2,

Industrial Area No. 2, New Iberia, Iberia Parish Latitude 30° 02' 32", Longitude 91° 52' 33" Statement of Basis for Louisiana Specialty Products, Inc. LA0117871, AI No. 115818 Page 2

3. OUTFALL INFORMATION

Outfall 001

Discharge Type: once through non-contact cooling water

Treatment: none

Location: at the point of discharge from the effluent pipe prior to combining with other waters

Flow: 504,000 GPD

Discharge Route: via pipe to open ditch thence into Segura BR Canal, thence into Bayou Petite

Anse

4. RECEIVING WATERS

STREAM - via pipe to open ditch thence into Segura BR Canal, thence into Bayou Petite Anse

BASIN AND SEGMENT - Vermilion-Teche River Basin, Segment 060901

DESIGNATED USES - a. primary contact recreation

b. secondary contact recreationc. propagation of fish and wildlife

5. TMDL STATUS

Subsegment 060901, Bayou Petite Anse-From headwaters to Bayou Carlin (Estuarine), is not listed on LDEQ's Final 2006 303(d) list as impaired. However, subsegment 060901 was previously listed as impaired for suspended solids/ turbidity/ siltation, nutrients, organic enrichment/ low DO, pathogen indicators, carbofuran, and phosphorus, for which the below TMDL's have been developed. The Department of Environmental Quality reserves the right to impose more stringent discharge limitations and/or additional restrictions in the future to maintain the water quality integrity and the designated uses of the receiving water bodies based upon additional TMDL's and/or water quality studies. The DEQ also reserves the right to modify or revoke and reissue this permit based upon any changes to established TMDL's for this discharge, or to accommodate for pollutant trading provisions in approved TMDL watersheds as necessary to achieve compliance with water quality standards.

The following TMDL's have been established for subsegment 060901:

The Bayou Petite Anse TMDL's for Dissolved Oxygen and Nutrients was completed April 2002. According to this TMDL, all facilities with oxygen demanding parameters in their permit were included in the TMDL calculations, but none of them were considered large enough to be modeled explicitly. This facility is not expected to discharge pollutants at a level which would cause or have the reasonable potential to cause or contribute to an excursion above any present state water quality standard for the nutrients or phosphorus impairment causes. LDEQ's position, as supported by the ruling in the lawsuit regarding water quality criteria for nutrients (Sierra Club v. Givens, 710 So.2d 249 (La. App. 1st Cir. 1997), writ denied, 705 So.2d 1106 (La. 1998), is that when oxygen-demanding substances are controlled and limited in order to ensure that the dissolved oxygen criterion is supported, nutrients are also controlled and limited. LAC 33:IX.2707.D.1.f.iii allows the establishment of effluent limitations based on an indicator parameter for the pollutant of concern. LDEQ's consistent approach to controlling nutrients in similar discharges where the WQMP does not otherwise require specific nutrient limitations is achieved by limiting the discharge of oxygen-demanding substances through a Net TOC limitation. Compliance with the Net TOC limitation as the indicator parameter will result in the control of nutrients from the discharge

Statement of Basis for Louisiana Specialty Products, Inc. LA0117871, AI No. 115818 Page 3

sufficient to attain and maintain the applicable water quality standard. Effluent monitoring of the indicator parameter as conducted by the permittee in accordance with the effluent limitations of the permit in addition to LDEQ's ambient water quality monitoring program will allow for further evaluation by the Department to determine the effectiveness of the limitation. The reopener clause located in Other Conditions of the final permit allows the Department to modify or revoke and reissue the permit if the limitations as set on the indicator parameter are shown to no longer attain and maintain applicable water quality standards.

The Bayou Petite Anse TMDL for Fecal Coliform was completed April 2003. This facility's discharges were not addressed in this TMDL because the facility does not discharge sanitary wastewater. Therefore, this facility is not expected to discharge pollutants at a level which would cause or have the reasonable potential to cause or contribute to an excursion above any present state water quality standard for fecal coliform.

The TMDL for TSS, Turbidity, and Siltation was completed May 2001. Point sources do not represent a significant source of TSS as defined in this TMDL and are already addressed by LDEQ through permitting of point sources.

The TMDL for Carbofuran was completed March 2002. No allocation was given to point source discharges in the Vermilion - Teche River Basin. According to the TMDL, there is only one point source in the Vermilion - Teche (FMC Corp. LA0064360) but it does not discharge Carbofuran. In addition, this facility has no potential to discharge Carbofuran.

6. PROPOSED EFFLUENT LIMITS

BASIS - See Rationale below.

No changes were made from the previous permit.

7. COMPLIANCE HISTORY/COMMENTS

- A. OEC There are no open, appealed, or pending OES enforcement actions as of November 25, 2008.

 There are no recent inspections on file as of November 25, 2008.
- B. DMR Review/Excursions A DMR review from July 2006 through June 2008 noted no excursions in permitted limitations. However, the monthly average is not being reported for flow.

8. EXISTING EFFLUENT LIMITS

Outfall 001 - once through non-contact cooling water

| Pollutant | Monthly Average | Daily Maximum | Frequency |
|-------------------|-----------------|---------------|-----------|
| Flow | Report | Report | 1/ month |
| Net TOC | | 5 mg/L | 1/ month |
| Temperature | - | Report | 1/ month |
| pH Min/Max Values | 6.0 (min) | 9.0 (max) | 1/ month |

Statement of Basis for Louisiana Specialty Products, Inc. LA0117871, Al No. 115818 Page 4

9. ENDANGERED SPECIES

The receiving waterbody, Subsegment 060901 of the Vermilion-Teche Basin is not listed in Section II.2 of the Implementation Strategy as requiring consultation with the U.S. Fish and Wildlife Service (FWS). This strategy was submitted with a letter dated November 17, 2008 from Rieck (FWS) to Nolan (LDEQ). Therefore, in accordance with the Memorandum of Understanding between the LDEQ and the FWS, no further informal (Section 7, Endangered Species Act) consultation is required. The effluent limitations established in the permit ensure protection of aquatic life and maintenance of the receiving water as aquatic habitat. Therefore, the issuance of the LPDES permit is not likely to have an adverse effect on any endangered or candidate species or the critical habitat.

10. HISTORIC SITES

The discharge is from an existing facility location, which does not include an expansion on undisturbed soils. Therefore, there should be no potential effect to sites or properties on or eligible for listing on the National Register of Historic Places, and in accordance with the "Memorandum of Understanding for the Protection of Historic Properties in Louisiana Regarding LPDES Permits" no consultation with the Louisiana State Historic Preservation Officer is required.

11. TENTATIVE DETERMINATION

On the basis of preliminary staff review, the Department of Environmental Quality has made a tentative determination to issue a permit for the discharge described in the application.

12. PUBLIC NOTICES

Upon publication of the public notice, a public comment period shall begin on the date of publication and last for at least 30 days thereafter. During this period, any interested persons may submit written comments on the draft permit and may request a public hearing to clarify issues involved in the permit decision at this Office's address on the first page of the statement of basis. A request for a public hearing shall be in writing and shall state the nature of the issues proposed to be raised in the hearing.

Public notice published in:

Local newspaper of general circulation

Office of Environmental Services Public Notice Mailing List

Statement of Basis for Louisiana Specialty Products, Inc. LA0117871, AI No. 115818 Page 5

Rationale for Louisiana Specialty Products, Inc.

Outfall 001 - once through non-contact cooling water¹

| Politicant | Limi Monthly Avg | ation | Reference |
|----------------|---------------------|------------|---------------------------|
| Flow | Report | Report | LAG480000 Schedule E |
| Net TOC 2 | | 5 | LAG480000 Schedule E |
| Temperature °F | | Report 3,4 | BPJ; LAG480000 Schedule E |
| рН | 6.0 s.u. | 9.0 s.u. | LAG480000 Schedule E |

Treatment: none

Monitoring Frequency: Monthly for all parameters at the point of discharge from the effluent pipe prior to combining with other waters.

Limits Justification: Limits and monitoring frequencies are based on BPJ and the Light Commercial General Permit, LAG480000, Schedule E.

- 1. The use of any additives or corrosion inhibitors containing any of the 126 priority pollutants is prohibited.
- Net TOC: The daily TOC concentration of the once through non-contact cooling water system
 effluent less the daily TOC concentration of the once through non-contact cooling water system
 intake shall not exceed 5 mg/L. Concurrent sampling of the cooling water system intake and
 effluent is required.
- 3. Instantaneous Maximum.
- 4. Analyze immediately.

BPJ Best Professional Judgement

su Standard Units

NOTE

For outfalls containing concentration limits, the usage of concentration limits is based on BPJ for similar outfalls since the flow is variable and estimated.

STORM WATER POLLUTION PREVENTION PLAN (SWP3) REQUIREMENT

A SWP3 is included in the permit because in accordance with LAC 33:IX.2511.A.1, storm water discharges shall not be required to obtain an LPDES permit "... except... discharges associated with industrial activity." In accordance with LAC 33:IX.2511.B.14.a-k, facilities classified as SIC code 2099 are considered to have storm water discharges associated with industrial activity. Although all process areas are inside a building, a SWPPP is included in the permit since there is a potential for storm water contamination from processes including loading and unloading.

The SWP3 shall be prepared, implemented, and maintained within (6) months of the effective date of the final permit. The plan should identify potential sources of storm water pollution and ensure the implementation of practices to prevent and reduce pollutants in the storm water discharges associated with industrial activity at the facility (see Narrative Requirements for the AI).